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Sector**Power Generation & Distribution****Chase Research**

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Symbol: **HUBC**Current Price: **PKR 84.22**Market Cap (PKR bn): **109.246**Total Shares (bn): **1.297**Free Float (mn): **972.866**52 Week Low: **PKR 57.05**52 Week High: **PKR 89.70**

## The Hub Power Company Limited (HUBC)

Consolidated FY23 results for HUBC reflect a significant increase in profitability, reaching PKR 57.554 billion (EPS of PKR 44.37), marking a 102% YoY rise from PKR 28.472 billion (EPS: PKR 21.95) in FY23.

This boost in profitability can be attributed to several factors, including a higher share of profits from CPHGC due to a low base, rupee devaluation, and insurance claims. Additionally, the commencement of profits from TEL, TL, Prime, and CPHOC contributed to the overall improved profitability of the company.

Revenue and gross profit for the Company increased by 18% and 59% YoY, respectively, in FY23, while EBITDA also witnessed significant growth, rising by 63% YoY to reach PKR 62.772 billion.

On an unconsolidated basis, HUBC achieved a profit of PKR 30.942 billion (EPS: PKR 23.85), marking a 46% YoY increase from PKR 21.129 billion (EPS: PKR 16.29) in FY23.

However, unconsolidated profitability was impacted negatively by a lower load factor and higher finance costs resulting from interest rate hikes. Nevertheless, HUBC distributed higher dividend income during the year.

The availability levels for HUBC's power plants in FY23 were as follows: HUBC (92%), Narowal (91%), Laraib (98%), CPHGC (92%), TEL (84%), and TNPTL (98%). TEL achieved COD on October 1, 2022, while TNPTL achieved COD on February 16, 2023.

From COD until August, the availability levels for TEL and TNPTL remained at 87% and 98%, respectively. However, load factors were lower for HUBC (2%), Narowal (25%), Laraib (47%), CPHGC (14%), TEL (53%), and TNPTL (78%) in FY23.

HUBC Power completed the acquisition of Prime International with a 50% shareholding in the Company. Prime embarked on

strategies to boost production from its existing wells and effectively executed a turnaround project in June 2023, resulting in a significant increase in the total recoverable reserves from its current fields.

In February, the lenders of CPHGC declared project completion, releasing HUBC's obligation to maintain a USD 150 million Standby Letter of Credit, enabling the company to pay dividends to its shareholders when distribution profits become available.

After achieving COD, Thar Energy's plant availability was reported at 87%, generating 1465 GWH. Similarly, Thal Nova Power Thar plant remained available at 98%, with 1159 GWH power generation.

SECMC achieved COD in October 2022, doubling mining capacity from 3.8MTPA to 7.6MTPA and reducing coal prices from \$65/ton to \$46/ton.

HUBC's power generation fuel mix consists of RFO (42%), Imported Coal (37%), Thar coal (18%), and Hydel (2%).

Going forward, HUBC plans to participate in bidding competitions following announcements by the Sindh Government. The company has been awarded the Right of First Refusal (ROFR) for the West Karachi Water Recycling Project. Additionally, in the renewables sector, HUBC has been prequalified for KE's 200MW wind/solar hybrid project. The management will evaluate these projects once regulatory approvals are secured.

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